

SENATE BILL NO. 365

INTRODUCED BY E. STONINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A PUBLIC UTILITY THAT HAS FILED A TRANSITION PLAN TO PROCURE A MINIMUM OF 7 PERCENT OF ITS ELECTRICITY SUPPLY FOR RETAIL ELECTRICITY SALES FROM QUALIFYING RENEWABLE ENERGY RESOURCES OR QUALIFYING RENEWABLE ENERGY CREDITS; REQUIRING THE PUBLIC SERVICE COMMISSION TO ADOPT RULES DEFINING CERTAIN TERMS AND PROVIDING ENFORCEMENT PROVISIONS; AMENDING SECTION 69-8-210, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-8-210, MCA, is amended to read:

"69-8-210. Public utilities -- electricity supply. (1) On the effective date of a commission order implementing a public utility's transition plan pursuant to 69-8-202, the public utility shall remove its generation assets from the rate base.

(2) During the transition period, the commission may establish cost-based prices for electricity supply service for customers that do not have a choice of electricity supply service or that have not yet chosen an electricity supplier.

(3) If the transition period is extended, then the customers' distribution services provider shall:

(a) extend any cost-based contract with the distribution services provider's affiliate supplier for a term of not more than 3 years; or

(b) purchase electricity from the market; and

(c) use a mechanism that recovers electricity supply costs in rates to ensure that those costs are fully recovered.

(4) If a public utility intends to be an electricity supplier through an unregulated division, then the public utility must be licensed as an electricity supplier pursuant to 69-8-404.

(5) (a) Beginning July 1, 2007, a public utility that has filed a transition plan pursuant to 69-8-202 shall procure a minimum of 7% of the utility's electricity supply for retail electricity sales from qualifying renewable energy resources or qualifying renewable energy credits.

(b) Before July 1, 2004, the commission shall adopt rules that:

(i) define the terms "qualifying renewable energy resources" and "qualifying renewable energy credits"

so that those terms conform to industry-accepted certification criteria for environmentally preferred resources

and attributes; and

(ii) provide for the enforcement of subsection (5)(a), including penalties for noncompliance that are

sufficient to acquire the minimum resources or credits pursuant to subsection (5)(a)."

NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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